

MUA/RASA/EXAM/QP/2015

The
Management
University
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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF ARTS IN DEVELOPMENT STUDIES

BDS 309: MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT (MSME)

DATE: 12TH AUGUST 2015

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided.**

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

LAJD'S SUCCESS STORY

Lajd's success story really begins with his family in India and the lessons he learned from them as a child. Lajd's grandfather, an educator and his most important mentor dedicated his life to helping poor children. As a ten-year-old, Lajd remembers one day when a freshly appointed chief justice of the Indian Supreme Court came to the family's home and fell on his knees in front of his grandchildren to pay him respect as his teacher. "That was very, very powerful. That showed that, when you do good things to people, it always comes back to you, and you have to give back to the community.

"The other message is, if you study hard and work hard, you can achieve almost anything in your life." Lajd took this message to heart. He earned a master's degree in chemical engineering in the United States, which led him to a job with the commonwealth of Virginia in 1980. This work involved determining which chemicals were produced in the area and what quantities were hazardous to the air and water quality of the environment. In the process, Lajd realized that he could build a model to track these chemicals with a computer program.

Lajd's next job was as a consultant to a company called Versar that provided information products and services to the government. He continued to feel fascinated and challenged by the power of the computer to manage and present information, so he took additional computer course. "And that's the time when probably my internal desire tostart a business of my own [formed]," he says. It was 1987, and he was 31 years old.

Next, Lajd worked for American Management Systems where he received his first management experience as a project manager. Three years later he worked for a company called Vigyar and helped expand their offices to different states.

Lajd formed INDUS Corporation in 1993. He chose the name to honor his heritage, the Indus Valley civilization that flourished around 2500 BC in what is Pakistan and Western India. He also points out that the name, INDUS, combines the letters of his original homeland and his new country, the U.S.

INDUS, which specializes in web-enabling static information, grew over 1,000 per-cents in its three years. Its initial break came with the development of MapQuest, but his customers now include commercial and government customers like SAIC , the U.S. general Services Administration , and the Departments of Commerce , Justice , and Transportation.

Lajd's wife, Meena, a systems engineer, was a strong supporter of his desire to form his own company. "My dear wife Meena, she said, if you don't do it now, you will never do it."

Meena explains" "I know that he always had a passion of starting his own business, and we were very young at the time. A very important quantity that I've come to learn about my husband is that he's very positive about anything and everything in life. He does not let little things bother him..... he just takes [something].....as it is, and , no matter how many times he falls he has the energy and strength to get up and enabled him to come up this far."

Required:

- a) With facts from the case, explain whether Lajd was a born or a made entrepreneur (10 marks)

- b) Discuss any seven (7) characteristics that Lajd demonstrated as an entrepreneur
(7marks)
- c) Explain managerial functions that Lajd performed in his INDUS business
(8 marks)

QUESTION TWO

- a) Explain the difference between an entrepreneurial venture and a small business
(10marks)
- b) B).Discuss why CRS (corporate social responsibility) is important to an enterprise in a manufacturing industry despite it being a consumer of the entrepreneur's profits
(5marks)

QUESTION THREE

- a) Discuss advantages of small enterprises to a growing economy (8marks)
- b) Explain the types of growth strategies available to women MSME (7marks)

QUESTION FOUR

- A. Discuss the importance of networks to an MSME (5marks)
- B. Before deciding on the business to start and its location; entrepreneurs have to assess external factors that are likely to affect their business in what is called the five forces model. With an aid of a diagram; explain the five forces model
(10 marks)

QUESTION FIVE

- a) In order to minimize pitfalls associated with survival of an MSME, Entrepreneurs normally do a SWOT analysis before starting the enterprise. Explain what the acronym SWOT stands for and the relevance of the analysis
(7marks)

- b) Discuss the major functions of organizations promoting entrepreneurship in Kenya (8marks)

QUESTION SIX

- a) Enumerate any six sources of marketing information available to an MSME (6marks)
- b) Explain the purpose of entrepreneurship training and any 4 methods involved (9marks)